
Higher Education Committee

SSB 5616

Brief Description: Connecting business expansion and recruitment to customized training.

Sponsors: Senate Committee on Economic Development, Trade & Innovation (originally sponsored by Senators Shin, Kastama and Kilmer).

Brief Summary of Substitute Bill

- Permits employer payments to the Customized Training Program (CTP) employment training finance account to be delayed for up to 18 months.
- Changes the requirement imposed upon participating CTP employers to increase employment from a set numerical target to "good faith" efforts.
- Requires training institutions to make good faith efforts to use trainers preferred by participating employers.
- Permits the State Board for Community and Technical Colleges (SBCTC) to expend up to \$75,000 for training, marketing, and facilitation services to increase the use of the CTP program.

Hearing Date: 3/6/09

Staff: Cece Clynch (786-7195)

Background:

The Washington Customized Training Program (CTP) was created in 2006 to provide training assistance to businesses locating new jobs or expanding jobs in the state. The State Board for Community and Technical Colleges (SBCTC) administers the program. Training is provided by community, technical, or private career colleges. Employers are expected to increase their employment in the state by an amount equal to at least 75 percent of the total number of trainees in the training program.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Under the CTP, the employer, the training institution, and the SBCTC execute a written contract. The SBCTC pays the training institution, up front, for the customized training. After training is completed, the employer and the training institution jointly submit a Trainee Report to the SBCTC and the employer immediately repays 25 percent of the costs of training into the employment training finance account. Repayment of the remaining 75 percent is spread over the next 18 months. No interest is charged. One year after training is completed, the employer must submit a Job Growth Report to the SBCTC.

After an employer makes the initial 25 percent payment to the SBCTC, the employer may take a state business and occupation (B&O) tax credit equal to half of that amount. As the employer pays off the remainder of the training costs, the employer may continue to take tax credits equal to 50 percent of the repayment amount. If the employer does not increase its employment by at least 75 percent of the total number of trainees, the employer must remit to the Department of Revenue (DOR) the value of any credits taken plus interest.

To date, 13 CTP contracts have been executed. The total amount of the contracts was \$423,452. At the time of contracting, the participating employers employed a total of 2259 employees, planned to train a total of 400 trainees, and projected job growth of 500 positions. Five Job Growth Reports have been received and indicate a total of 218 new jobs. Two Job Growth Reports are currently due and six are not yet due.

A participating employer who takes the tax credit must complete and file a survey with the DOR regarding employment information. The DOR is charged with reporting job creation information to the Legislature in December 2011. The program expires on July 1, 2012.

Summary of Bill:

During 2009 and 2010, participating employers may delay payments due to the employment training finance account for up to 18 months.

The requirement that employers must increase employment in the state by an amount equal to at least 75 percent of the total number of trainees in their training program in order to avoid having to remit the value of any tax credits is removed. Instead, employers must make good faith efforts to hire from the pool of trainees in the employer's training program. The SBCTC is to determine whether good faith efforts have been made.

Training institutions must make good faith efforts to develop training programs using trainers preferred by the participating employer.

The SBCTC is charged with ensuring a seamless process toward participation in the CTP for those employers who have requested training under the Job Skills Program but have not been able to participate in that program due to a lack of funding.

Up to \$75,000 in the employment training finance account may be used by the SBCTC for training, marketing, and facilitation services to increase the use of the CTP program.

Appropriation: None.

Fiscal Note: Requested on March 3, 2009.

Effective Date: The bill contains an emergency clause and takes effect immediately.